

July 17, 2014
Burlington Employees' Retirement Board
Burlington Electric Department

Board Members Present: Jim Strouse Robert Hooper
 Munir Kasti Matt Dow
 Daniel (via phone)

Others Present: Stephanie Hanker
 Barry Bryant – Dahab Associates

The meeting convened the meeting at 9:00am

1. **Agenda:**

Jim Strouse added agenda item 1.1, Appointment of Board Chair, Vice Chair and Board Secretary, and under other business he would like to discuss the annual report to the City Council and discuss sending a board member to the NCPERS conference. Robert Hooper moved to approve the agenda with the changes proposed. Munir Kasti 2nd. Motion carries 5:0

1.1 Appointment of Board Secretary:

Matt Dow moved to nominate Jim Strouse as Board Chair and Robert Hooper as Board Vice Chair. Munir Kasti 2nd. Motion carries 5:0
Robert Hooper moved to appoint Stephanie Hanker as Board Secretary. Matt Dow 2nd. Motion carries 5:0

2. **Approval of Minutes 06/19/2014 & 07/08/2014:**

Robert Hooper moved to approve the minutes as presented. Matt Dow 2nd. Motion carries 5:0

3. **Presentation with Barry Bryant**

Barry Bryant of Dahab Associates presented the Board with an asset allocation study to evaluate various asset mixes. Barry stated that the results are based upon assumptions that he believed to be reasonable. Barry stated the goal of the study is to identify those investment options for the System that achieve the highest rate of return within the specified portfolio limits. Barry stated the study began with the December 31, 2013 market value. Barry stated that the latest actuarial reports were used as the source for the contributions, benefit payments, fund expenses and the actuarial rate of return assumption of 8%, in addition an assumed growth rate of 3% was used to approximate the effect of inflation upon the benefit payments and fund expenses. Barry stated the projected annual market values, using the assumptions stated previously, were calculated for the next 20 years. Barry

stated the selection of an asset allocation is the end of a thought process involving, 1. Use of a Monte Carlo simulation with fixed values for mean returns and asset class correlations, 2. Tempering the output by elimination allocations that might pose liquidity problems or could be deemed imprudent and 3. Modifying final choices based on current asset class prospects. Barry focused on 6 proposed mixes, the recommended mix is 20% domestic large cap core equity, 15% domestic small/mid cap core equity, 10% foreign developed country equity, 10% foreign emerging market equity, 5% private equity, 5% real estate, 5% timber, 20% domestic core fixed income, 10% global tactical asset allocation. Barry stated that the mixes that were presented are by no means the only possible choices and he intends to follow up with other mixes and options to help the board make a well informed decision as to the new target allocations. (This report can be found under the July 17th Retirement Board information online) Jim Strouse stated the board will be working towards doing something by the end of the year. Robert Hooper moved to approve the increase of fees for Dahab while they are being used as a full consultant. Munir Kasti 2nd. Motion carries 5:0

4. **Approval of Bills:**

Robert Hooper moved to approve the bills presented. Matt Dow 2nd. Motion carries 5:0

5. **Consideration of Retirement Application:**

Jim Strouse stated this will be reviewed next month as there were changes in the employment dates and the benefit would need to be recalculated.

6. **Ratify Refunds/Rollovers:**

Robert Hooper moved to approve the refund/rollover of contributions presented. Munir Kasti 2nd. Motion carries 5:0

7. **Executive Session:**

The Board entered executive session to discuss the disability retirement application of a Class B member at 10:40am. The Board exited executive session at 10:45am

Robert Hooper moved to approve the one disability retirement application presented. Matt Dow 2nd. Motion carries 5:0

8. **Other Business:**

Jim Strouse stated he would like to send a Class A member to the NCPERS conference. Robert Hooper stated more money is needed in the training budget for next year. MD moved to send a Class A member to the NCPERS conference. Robert Hooper 2nd. Motion carries 5:0

Jim Strouse stated he has spoken to the actuaries about reconfiguring the spreadsheets, previously presented to the board and retirement committee, to look at several other variables and would like to review these at a special meeting of the retirement board to be held to August.

Meeting Adjourned 10:46am.